

Buy (old: Buy)

PT EUR 4.70 (old: 4.50)

Price EUR 3.57
Bloomberg GFT GR
Reuters GFTG
Sector Software

IT service company with services (IT solutions for financial services companies) and resourcing (supply of IT specialists) as core business segments


Share data: 09.08.2010 / Closing price

Market cap: EUR 93.9 m
Enterprise Value (EV): EUR 59.2 m
Book value: EUR 70.5 m
No. of shares: 26.3 m
Trading volume Ø: EUR 91.0 th

Shareholders:

 Freefloat 51.8 %
 Ulrich Dietz 28.5 %
 Maria Dietz 9.7 %
 AvW 5.0 %
 BW Invest 5.0 %

Calendar:

 Figures Q2 08/11/10
 Figures Q3 11/10/10

Change	2010E		2011E		2012E	
	old	Δ%	old	Δ%	old	Δ%
Sales	234	2.3	255	1.3	274	0.8
EBIT	8.8	13.3	11.5	3.5	12.9	2.9
EPS	0.25	12.0	0.33	3.0	0.37	2.7

 Analysis: SES Research
 Date of publication: 10.08.2010
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Q2 ahead of expectations; stock still undervalued

The preliminary Q2 figures are clearly ahead of expectations. The earnings development in particular is convincing with an EBIT margin rising by 1.8pp to 5%.

GFT Technologies - Q2 2010

Figures in EUR m	Q2/10	Q2/10e	Q2/09	yoy	6M/10	6M/10e	6M/09	yoy
Sales	60.3	55.4	51.9	162%	114.7	109.8	105.1	9.1%
EBT	3.0	2.0	1.7	81.2%	4.6	3.6	2.8	68.3%
margin	5.0%	3.6%	3.2%		4.0%	3.3%	2.6%	
EPS in EUR	0.08	0.06	0.05	60.0%	0.13	0.10	0.08	62.5%

Sources: GFT Technologies (historical data), SES Research (estimates)

Sales in the Services segment were up 30% to EUR 56.2m in H1, thus growing stronger than expected. In contrast, the sales development in the Resourcing segment fell short of expectations with a decline of 5% to EUR 58.4m.

Consequently, the sales mix has been shifted to a significantly stronger extent towards the high-margin Services segment than anticipated so far, explaining a major part of the clearly disproportionate earnings increase. Additionally, economies of scale as a result of the team's higher utilisation and the sinking price pressure resulted in a substantial margin increase in this segment by 2.3pp to 7.1% in H1 2010.

The full-year sales expectation is only moderately increased by 2.3%. However, the expected EBT margin is raised by 0.5pp to 4.5% on the back of the strong development.

The net cash position has reached the low of the fiscal year cycle on June 30, now standing at EUR 25.6m. The decline at the reporting date can be explained by the usual payment modalities. Accordingly, GFT receives the majority of the accounts receivable in H2 and is even constantly overpaid by ca. EUR 5-6m by major customers in Q4 who are capitalising on their budgets (adjusted in the EV calculation).

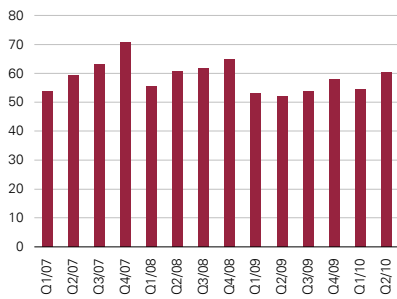
In general, this results in a negative operating cash flow in H1. However, a positive operating cash flow of EUR 7.6m is expected for the full year. The moderate capex requirements lead to a free cash flow of EUR 6.1m, corresponding to 10.3% on the adjusted EV for the current year. The adjusted FCFY 2010 (pre-tax) even stands at 16.8%.

The reported ROCE of 12% for 2010 is negatively distorted because of the high cash position. Adjusted for the non-operating liquid funds (ca. EUR 25m) the ROCE is 17%. Consequently, GFT has easily earned its cost of capital even in the crisis years 2008/2009.

The DCF-based **PT is raised to EUR 4.70 (old: EUR 4.50). Buy rating reiterated.**

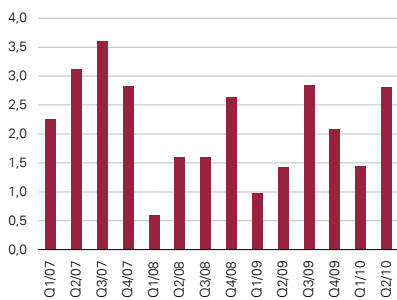
Fiscal year ending: 31.12.	2006	2007	2008	2009	2010E	2011E	2012E
Sales	174	247	242	217	239	259	276
<i>Change Sales yoy</i>	43.6 %	42.3 %	-1.9 %	-10.5 %	10.3 %	8.2 %	6.6 %
Gross profit	86.7	97.0	93.4	86.4	99.5	107	113
<i>Gross margin</i>	49.9 %	39.3 %	38.6 %	39.8 %	41.6 %	41.3 %	41.0 %
EBITDA	7.6	13.2	8.1	8.5	11.2	13.2	14.6
<i>EBITDA-margin</i>	4.4 %	5.4 %	3.3 %	3.9 %	4.7 %	5.1 %	5.3 %
EBIT	6.4	11.8	6.4	7.3	10.0	11.9	13.2
<i>EBIT-margin</i>	3.7 %	4.8 %	2.7 %	3.4 %	4.2 %	4.6 %	4.8 %
Net income	5.1	8.6	6.0	4.7	7.4	8.9	9.9
EPS	0.19	0.33	0.23	0.18	0.28	0.34	0.38
Free Cash Flow per share	0.00	0.29	0.29	0.22	0.23	0.26	0.31
Dividend	0.00	0.00	0.10	0.10	0.15	0.20	0.20
<i>Dividend Yield</i>	n.a.	n.a.	2.8 %	2.8 %	4.2 %	5.6 %	5.6 %
EV/Sales	0.4	0.3	0.3	0.3	0.2	0.2	0.2
EV/EBITDA	8.2	4.7	7.7	7.2	5.3	4.3	3.7
EV/EBIT	9.6	5.2	9.6	8.4	5.9	4.8	4.1
PER	18.8	10.8	15.5	19.8	12.7	10.5	9.4
ROCE	10.5 %	16.9 %	8.5 %	9.3 %	12.0 %	13.5 %	14.3 %
Adj. Free Cash Flow Yield	10.6 %	19.6 %	11.1 %	9.4 %	16.8 %	20.8 %	24.3 %

Sales development
in EUR m



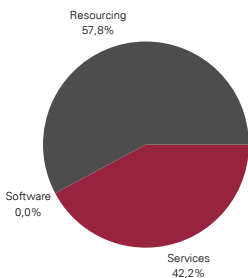
Source: GFT Technologies

EBIT development
in EUR m



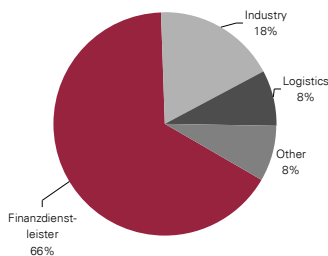
Source: GFT Technologies

Sales by segments
2009



Source: GFT Technologies

Sales split by customers
2008



Source: GFT Technologies

Company background

As a service company in the IT environment, GFT Technologies AG offers a broad range of services from consultation to systems integration and application development to the placing of freelancers.

The activities of GFT are subdivided in the two core business segments IT Services and Resourcing. The third segment, Software, is specialised in solutions for email archiving.

- IT Services: Development, integration and maintenance of IT solutions with a focus on banks and insurance companies (sales EUR 91 m)
- Resourcing: Placing IT freelancers (sales EUR 145 m)
- Software: Email archiving (sales EUR 6 m)

Competitive quality

The core competence of GFT is in the field of IT services for banks and insurance companies. GFT is clearly focused on financial service and logistics companies in the Services segment and has a high project expertise in this sector as well as a broad knowledge of the business processes.

As a result of the long-standing track record as reliable IT partner in the financial services sector GFT is perceived as expert in the sector despite the comparatively small company size.

Hence GFT is strongly positioned in a sector which is particularly attractive for IT service companies. Banks and insurance companies make large investments to increase efficiency and always aim for improved IT processes.

So far, investments were mainly driven by the conglomerates. GFT has held its ground in spite of a high degree of competition for these customers and grew dynamically until the beginning of the financial crisis. In future, smaller banks and insurance companies are also expected to increasingly invest in the improvement of their business processes. GFT can efficiently deal with these smaller project sizes, while the partially much larger competitors are focused on major projects. GFT looks set to return to profitable growth in this niche.

The overall IT services sector is linked with the Resourcing segment as regards synergies. In addition to a high cross-selling potential the service segment is also the largest customer of the resourcing segment, making the cost structure very flexible.

GFT is clearly profitable on this basis even in the current economic crisis. With a net cash financing position of approx. EUR 34 m and an equity ratio in excess of 60% GFT also has a solid balance sheet.

Consolidated Profit & Loss GFT							
in EUR m							
	2006	2007	2008	2009	2010E	2011E	2012E
Sales	174	247	242	217	239	259	276
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.3	0.1	0.1	0.0	0.0	0.0	0.0
Total sales	174	247	242	217	239	259	276
Material Expenses	87.3	150	149	130	140	152	163
Gross profit	86.7	97.0	93.4	86.4	99.5	107	113
Personnel expenses	61.9	64.5	66.8	62.5	72.4	77.1	80.8
Other operating income	3.0	2.0	3.0	2.0	2.6	2.8	2.8
Other operating expenses	20.2	21.2	21.5	17.3	18.4	19.4	20.4
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	7.6	13.2	8.1	8.5	11.2	13.2	14.6
Depreciation of fixed assets	0.9	1.0	1.1	0.9	1.0	1.0	1.1
EBITA	6.7	12.2	7.0	7.6	10.3	12.2	13.5
Amortisation of intangible fixed assets	0.3	0.4	0.5	0.3	0.3	0.3	0.3
Impairment charges and amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	6.4	11.8	6.4	7.3	10.0	11.9	13.2
Interest income	0.6	0.8	0.9	0.5	0.6	0.9	1.0
Interest expenses	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Financial result	0.2	0.5	0.5	0.5	0.6	0.9	1.0
Recurring pretax income from cont. operations	6.7	12.4	6.9	7.9	10.6	12.8	14.2
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	6.7	12.4	6.9	7.9	10.6	12.8	14.2
Taxes total	1.6	3.8	0.9	1.7	3.2	3.9	4.3
Net income from continuing operations	5.1	8.6	6.0	6.2	7.4	8.9	9.9
Income from discontinued operations (net of tax)	0.0	0.0	0.0	-1.4	0.0	0.0	0.0
Net income before minorities	5.1	8.6	6.0	4.7	7.4	8.9	9.9
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	5.1	8.6	6.0	4.7	7.4	8.9	9.9

Sources: GFT (historical data), SES Research (forecasts)

Consolidated Profit & Loss GFT							
in % of Sales							
	2006	2007	2008	2009	2010E	2011E	2012E
Sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Increase / decrease in inventory	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Own work capitalised	0.2 %	0.1 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Total sales	100.2 %	100.1 %	100.1 %	100.0 %	100.0 %	100.0 %	100.0 %
Material Expenses	50.3 %	60.8 %	61.5 %	60.2 %	58.4 %	58.7 %	59.0 %
Gross profit	49.9 %	39.3 %	38.6 %	39.8 %	41.6 %	41.3 %	41.0 %
Personnel expenses	35.7 %	26.1 %	27.6 %	28.8 %	30.3 %	29.8 %	29.3 %
Other operating income	1.7 %	0.8 %	1.2 %	0.9 %	1.1 %	1.1 %	1.0 %
Other operating expenses	11.6 %	8.6 %	8.9 %	8.0 %	7.7 %	7.5 %	7.4 %
Unfrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBITDA	4.4 %	5.4 %	3.3 %	3.9 %	4.7 %	5.1 %	5.3 %
Depreciation of fixed assets	0.5 %	0.4 %	0.5 %	0.4 %	0.4 %	0.4 %	0.4 %
EBITA	3.9 %	4.9 %	2.9 %	3.5 %	4.3 %	4.7 %	4.9 %
Amortisation of intangible fixed assets	0.2 %	0.2 %	0.2 %	0.1 %	0.1 %	0.1 %	0.1 %
Impairment charges and amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	3.7 %	4.8 %	2.7 %	3.4 %	4.2 %	4.6 %	4.8 %
Interest income	0.4 %	0.3 %	0.4 %	0.3 %	0.3 %	0.4 %	0.4 %
Interest expenses	0.1 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	0.1 %	0.2 %	0.2 %	0.2 %	0.3 %	0.4 %	0.4 %
Recurring pretax income from cont. operations	3.8 %	5.0 %	2.9 %	3.6 %	4.4 %	5.0 %	5.2 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	3.8 %	5.0 %	2.9 %	3.6 %	4.4 %	5.0 %	5.2 %
Taxes total	0.9 %	1.5 %	0.4 %	0.8 %	1.4 %	1.5 %	1.6 %
Net income from continuing operations	2.9 %	3.5 %	2.5 %	2.9 %	3.1 %	3.4 %	3.6 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	-0.7 %	0.0 %	0.0 %	0.0 %
Net income before minorities	2.9 %	3.5 %	2.5 %	2.2 %	3.1 %	3.4 %	3.6 %
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	2.9 %	3.5 %	2.5 %	2.2 %	3.1 %	3.4 %	3.6 %

Sources: GFT (historical data), SES Research (forecasts)

Balance sheet GFT

in EUR m

	2006	2007	2008	2009	2010E	2011E	2012E
Assets							
Intangible assets	21.1	21.2	20.8	20.7	20.9	21.2	21.4
thereof other intangible assets	0.7	0.9	0.5	0.4	0.6	0.8	1.0
thereof Goodwill	20.4	20.4	20.4	20.4	20.4	20.4	20.4
Property, plant and equipment	2.4	2.6	2.6	2.2	2.2	2.4	2.5
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	23.6	23.9	23.5	23.0	23.2	23.6	23.9
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	34.1	47.9	44.1	42.6	46.5	50.3	53.6
Other Assets	10.6	11.4	10.7	10.8	10.8	10.8	10.8
Liquid assets	23.9	28.7	35.2	37.7	41.2	44.0	46.9
Current assets	68.6	88.1	90.0	91.1	98.5	105	111
Total assets	92.2	112	114	114	122	129	135
Liabilities and shareholders' equity							
Subscribed capital	26.3	26.3	26.3	26.3	26.3	26.3	26.3
Additional paid-in capital	67.3	42.1	42.1	42.1	42.1	42.1	42.1
Surplus capital	2.3	2.3	6.8	6.8	11.6	16.5	21.1
Other equity components	-46.7	-13.1	-12.1	-9.6	-9.6	-9.6	-9.6
Book value	49.4	57.7	63.2	65.8	70.5	75.4	80.0
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	49.4	57.7	63.2	65.8	70.5	75.4	80.0
Provision for pensions and similar obligations	0.8	0.9	1.0	0.5	0.5	0.5	0.5
Provisions	14.4	16.0	14.2	14.9	14.9	14.9	14.9
Financial liabilities	2.6	0.2	0.2	0.0	0.0	0.0	0.0
Accounts payable	15.6	28.9	26.1	23.3	26.2	28.3	30.2
Other liabilities	10.3	9.2	9.8	10.1	10.1	10.1	10.1
Liabilities	42.8	54.2	50.3	48.3	51.2	53.3	55.2
Total liabilities and shareholders equity	92.2	112	114	114	122	129	135

Sources: GFT (historical data), SES Research (forecasts)

Balance sheet GFT

in % of Balance Sheet Total

	2006	2007	2008	2009	2010E	2011E	2012E
Assets							
Intangible assets	22.9 %	19.0 %	18.4 %	18.2 %	17.2 %	16.4 %	15.8 %
thereof other intangible assets	0.8 %	0.8 %	0.4 %	0.3 %	0.5 %	0.6 %	0.8 %
thereof Goodwill	22.1 %	18.2 %	17.9 %	17.9 %	16.7 %	15.8 %	15.1 %
Property, plant and equipment	2.7 %	2.3 %	2.3 %	1.9 %	1.8 %	1.9 %	1.9 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Fixed assets	25.6 %	21.3 %	20.7 %	20.1 %	19.1 %	18.3 %	17.7 %
Inventories	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts receivable	37.0 %	42.9 %	38.9 %	37.3 %	38.2 %	39.1 %	39.6 %
Other Assets	11.5 %	10.2 %	9.4 %	9.5 %	8.9 %	8.4 %	8.0 %
Liquid assets	25.9 %	25.7 %	31.0 %	33.1 %	33.9 %	34.2 %	34.7 %
Current assets	74.5 %	78.7 %	79.3 %	79.9 %	81.0 %	81.6 %	82.3 %
Total assets	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Liabilities and shareholders' equity							
Subscribed capital	28.6 %	23.5 %	23.2 %	23.1 %	21.6 %	20.4 %	19.5 %
Additional paid-in capital	73.0 %	37.7 %	37.1 %	36.9 %	34.6 %	32.7 %	31.2 %
Surplus capital	2.5 %	2.1 %	6.0 %	6.0 %	9.5 %	12.8 %	15.6 %
Other equity components	-50.6 %	-11.7 %	-10.7 %	-8.4 %	-7.9 %	-7.4 %	-7.1 %
Book value	53.5 %	51.6 %	55.7 %	57.6 %	57.9 %	58.6 %	59.2 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	53.5 %	51.6 %	55.7 %	57.6 %	57.9 %	58.6 %	59.2 %
Provision for pensions and similar obligations	0.9 %	0.8 %	0.9 %	0.4 %	0.4 %	0.4 %	0.3 %
Provisions	15.6 %	14.3 %	12.5 %	13.1 %	12.3 %	11.6 %	11.0 %
Financial liabilities	2.8 %	0.1 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts payable	16.9 %	25.8 %	23.0 %	20.4 %	21.5 %	22.0 %	22.3 %
Other liabilities	11.2 %	8.2 %	8.7 %	8.9 %	8.3 %	7.9 %	7.5 %
Liabilities	46.5 %	48.4 %	44.3 %	42.4 %	42.1 %	41.4 %	40.8 %
Total liabilities and shareholders equity	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Sources: GFT (historical data), SES Research (forecasts)

Statement of Cash Flows GFT

in EUR m

	2006	2007	2008	2009	2010E	2011E	2012E
Net income	5.1	8.6	6.0	4.7	7.4	8.9	9.9
Depreciation of fixed assets	0.9	1.0	1.1	0.9	1.0	1.0	1.1
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.3	0.4	0.5	0.3	0.3	0.3	0.3
Increase/decrease in long-term provisions	-2.0	1.6	0.1	-0.5	0.0	0.0	0.0
Other costs affecting income / expenses	0.2	0.2	0.4	2.2	0.0	0.0	0.0
Cash Flow	4.5	11.8	8.2	7.7	8.6	10.2	11.3
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in accounts receivable	-2.0	-13.8	3.8	1.5	-3.9	-3.8	-3.3
Increase / decrease in accounts payable	0.1	12.2	-2.8	-2.8	2.9	2.1	1.9
Increase / decrease in other working capital positions	-1.1	-0.8	0.0	0.2	0.0	0.0	0.0
Increase / decrease in working capital	-3.0	-2.4	1.0	-1.1	-1.0	-1.7	-1.4
Cash flow from operating activities	1.5	9.3	9.2	6.6	7.6	8.5	9.9
CAPEX	-1.6	-1.8	-1.6	-0.8	-1.5	-1.7	-1.7
Payments for acquisitions	-6.2	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	4.1	0.3	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.1	0.0	-0.2	0.1	0.0	0.0	0.0
Cash flow from investing activities	-3.6	-1.5	-1.8	-0.7	-1.5	-1.7	-1.7
Change in financial liabilities	1.9	-2.4	0.0	-0.2	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	-2.6	-2.6	-3.9	-5.3
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.2	0.0	-0.1	0.2	0.0	0.0	0.0
Cash flow from financing activities	1.7	-2.4	-0.1	-2.6	-2.6	-3.9	-5.3
Change in liquid funds	-0.4	5.5	7.3	3.2	3.5	2.8	2.9
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liquid assets at end of period	20.2	25.7	33.0	36.2	39.0	41.8	44.7

Sources: GFT (historical data), SES Research (forecasts)

Financial Ratios GFT

	2006	2007	2008	2009	2010E	2011E	2012E
Operational Efficiency							
Total Operating Costs / Sales	95.8 %	94.7 %	96.7 %	96.1 %	95.3 %	94.9 %	94.7 %
Sales per Employee	168,130	230,474	235,913	189,518	182,495	186,253	189,079
EBITDA per Employee	7,345	12,344	7,863	7,468	8,577	9,499	10,021
EBIT-margin	3.7 %	4.8 %	2.7 %	3.4 %	4.2 %	4.6 %	4.8 %
EBITDA / Operating Assets	36.1 %	61.1 %	39.1 %	39.7 %	49.9 %	54.1 %	56.4 %
ROA	21.7 %	36.0 %	25.7 %	20.7 %	31.7 %	37.7 %	41.3 %
Efficiency of Capital Employment							
Plant Turnover	70.9	94.4	92.5	99.0	107	108	110
Operating Assets Turnover	8.3	11.4	11.7	10.1	10.6	10.6	10.6
Capital Employed Turnover	2.6	3.3	3.1	2.7	2.8	2.9	2.9
Return on Capital							
ROCE	10.5 %	16.9 %	8.5 %	9.3 %	12.0 %	13.5 %	14.3 %
EBITDA / Avg. Capital Employed	12.4 %	18.9 %	10.7 %	10.8 %	13.5 %	15.0 %	15.8 %
ROE	10.4 %	14.9 %	9.6 %	7.2 %	10.4 %	11.8 %	12.4 %
Net Profit / Avg. Equity	10.9 %	16.0 %	10.0 %	7.4 %	10.8 %	12.2 %	12.7 %
Recurring Net Profit / Avg. Equity	10.9 %	16.0 %	10.0 %	9.6 %	10.8 %	12.2 %	12.7 %
ROIC	7.7 %	11.6 %	7.8 %	6.7 %	8.6 %	9.8 %	10.4 %
Solvency							
Net Debt	-21.3	-28.6	-35.0	-37.7	-41.2	-44.0	-46.9
Net Gearing	-43.2 %	-49.5 %	-55.5 %	-57.3 %	-58.5 %	-58.4 %	-58.6 %
Book Value of Equity / Book Value of Debt	1923.7 %	38486.7 %	42115.3 %	n.a.	n.a.	n.a.	n.a.
Current ratio	2.4	2.3	2.5	2.7	2.7	2.7	2.8
Acid Test Ratio	1.6	1.6	1.8	1.9	1.9	2.0	2.0
EBITDA / Interest Paid	66.0	101.0	230.7	356.0	n.a.	n.a.	n.a.
Interest Cover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cash Flow							
Free Cash Flow	-0.1	7.6	7.6	5.8	6.1	6.8	8.2
Free Cash Flow / Sales	0.0 %	3.1 %	3.1 %	2.7 %	2.6 %	2.6 %	3.0 %
Adj. Free Cash Flow	6.6	12.1	6.9	5.8	9.9	11.8	13.1
Adj. Free Cash Flow / Sales	2.5 %	3.5 %	2.5 %	2.6 %	2.8 %	3.0 %	3.2 %
Free Cash Flow / Net Profit	-1.3 %	88.2 %	125.2 %	122.3 %	83.2 %	76.3 %	82.6 %
Interest Received / Avg. Cash	2.4 %	3.1 %	2.9 %	1.5 %	1.5 %	2.1 %	2.2 %
Interest Paid / Avg. Debt	8.5 %	9.6 %	23.3 %	32.0 %	n.a.	n.a.	n.a.
Dividend Payout Ratio	0.0 %	0.0 %	43.5 %	42.5 %	53.7 %	59.2 %	53.2 %
Fund Management							
Investment ratio	-1.4 %	0.6 %	0.7 %	0.3 %	0.6 %	0.7 %	0.6 %
Maint. Capex / Sales	0.6 %	0.4 %	0.5 %	0.6 %	0.5 %	0.5 %	0.5 %
Capex / Dep	-215.6 %	104.6 %	100.3 %	62.6 %	119.4 %	131.5 %	123.3 %
Avg. Working Capital / Sales	8.9 %	7.6 %	7.6 %	8.6 %	8.3 %	8.2 %	8.2 %
Trade Creditors / Trade Debtors	218.9 %	165.8 %	169.1 %	182.9 %	177.5 %	177.7 %	177.5 %
Inventory turnover (days)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Receivables collection period (DSOs)	71.7	70.8	66.5	71.7	71.0	71.0	71.0
Payables collection period (days)	32.8	42.7	39.3	39.2	40.0	40.0	40.0
Cash conversion cycle (days)	39.0	28.1	27.2	32.5	31.0	31.0	31.0
Valuation							
Dividend Yield	n.a.	n.a.	2.8 %	2.8 %	4.2 %	5.6 %	5.6 %
P/B	1.9	1.6	1.5	1.4	1.3	1.2	1.2
EV/sales	0.4	0.3	0.3	0.3	0.2	0.2	0.2
EV/EBITDA	8.2	4.7	7.7	7.2	5.3	4.3	3.7
EV/EBIT	9.6	5.2	9.6	8.4	5.9	4.8	4.1
EV/FCF	n.m.	8.2	8.2	10.7	9.7	8.3	6.6
P/E	18.8	10.8	15.5	19.8	12.7	10.5	9.4
P/CF	20.9	8.0	11.5	12.2	10.9	9.2	8.3
Adj. Free Cash Flow Yield	7.2 %	19.0 %	13.3 %	12.4 %	14.5 %	18.0 %	20.9 %

Sources: GFT (historical data), SES Research (forecasts)

Free Cash Flow Yield - GFT Technologies

Figures in EUR m

	2006	2007	2008	2009	2010e	2011e	2012e
Net Income	5.1	8.6	6.0	4.7	7.4	8.9	9.9
+ Depreciation + Amortisation	1.2	1.4	1.6	1.2	1.3	1.3	1.4
- Net Interest Income	0.2	0.5	0.5	0.5	0.6	0.9	1.0
+ Taxes	1.6	3.8	0.9	1.7	3.2	3.9	4.3
- Maintenance Capex	1.0	1.1	1.2	1.3	1.3	1.4	1.5
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Adjusted Free Cash Flow	6.6	12.1	6.9	5.8	9.9	11.8	13.1
Adjusted Free Cash Flow Yield	10.6%	19.6%	11.1%	9.4%	16.8%	20.8%	24.3%
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= Enterprise Value	61.9	61.9	61.9	61.9	59.2	56.7	54.0
= Fair Enterprise Value	65.9	121.3	68.8	58.0	99.4	117.9	131.1
- Net Debt (Cash)	-37.7	-37.7	-37.7	-37.7	-41.2	-44.0	-46.9
- Pension Liabilities	0.5	0.5	0.5	0.5	0.5	0.5	0.5
- Others	5.2	5.2	5.2	5.2	6.0	6.3	6.5
= Fair Market Capitalisation	97.9	153.4	100.8	90.0	134.1	155.2	171.1
No. of shares (m)	26.3	26.3	26.3	26.3	26.3	26.3	26.3
= Fair value per share (EUR)	3.72	5.83	3.83	3.42	5.09	5.89	6.50
premium (-) / discount (+) in %	4.2%	63.3%	7.3%	-4.1%	42.8%	65.2%	82.1%

Sensitivity Fair value per Share (EUR)

	13.0%	3.14	4.76	3.23	2.91	4.22	4.86	5.35
	12.0%	3.30	5.06	3.39	3.05	4.46	5.15	5.67
	11.0%	3.49	5.41	3.59	3.22	4.75	5.49	6.05
Hurdle rate	10.0%	3.72	5.83	3.83	3.42	5.09	5.89	6.50
	9.0%	4.00	6.34	4.12	3.66	5.51	6.39	7.05
	8.0%	4.35	6.98	4.48	3.97	6.04	7.01	7.74
	7.0%	4.79	7.80	4.95	4.36	6.71	7.81	8.63

Sources: GFT Technologies (historical data), SES Research (estimates)

DCF Model - GFT Technologies

Figures in EUR m	2010e	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e
Sales	239.1	258.6	275.7	293.6	312.7	331.4	351.3	372.4	391.0	410.6	427.0	444.1	457.4	471.1
Change	10.3%	8.2%	6.6%	6.5%	6.5%	6.0%	6.0%	6.0%	5.0%	5.0%	4.0%	4.0%	3.0%	3.0%
EBIT	10.0	11.9	13.2	13.2	14.1	13.3	14.1	14.9	15.6	16.4	14.9	15.5	13.7	14.1
EBIT-Margin	4.2%	4.6%	4.8%	4.5%	4.5%	4.0%	4.0%	4.0%	4.0%	4.0%	3.5%	3.5%	3.0%	3.0%
Tax rate	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%
NOPAT	6.9	8.3	9.2	9.2	9.8	9.2	9.8	10.4	10.9	11.4	10.4	10.8	9.5	9.8
Depreciation	1.3	1.3	1.4	1.7	1.8	1.7	1.8	1.9	2.0	2.1	2.1	2.2	2.3	2.4
in % of Sales	0.5%	0.5%	0.5%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Change in Liquidity from														
- Working Capital	-1.0	-1.7	-1.4	-1.3	-1.3	-1.3	-1.3	-1.4	-1.2	-1.2	-1.0	-1.0	-0.7	-0.7
- Capex	-1.5	-1.7	-1.7	-1.6	-1.7	-1.7	-1.8	-1.9	-2.0	-2.1	-2.1	-2.2	-2.3	-2.4
Capex in % of Sales	0.6%	0.7%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Other	0.0	0.0	0.0	0.3	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow (WACC-Model)	5.7	6.2	7.5	8.3	8.5	8.2	8.5	9.0	9.7	10.2	9.4	9.8	8.9	9.1

Model parameter

Debt ratio	0.00%	Beta	1.40
Costs of Debt	n.a.	WACC	11.00%
Market return	9.00%		
Risk free rate	4.00%	Terminal Growth	3.00%

Valuation (mln)

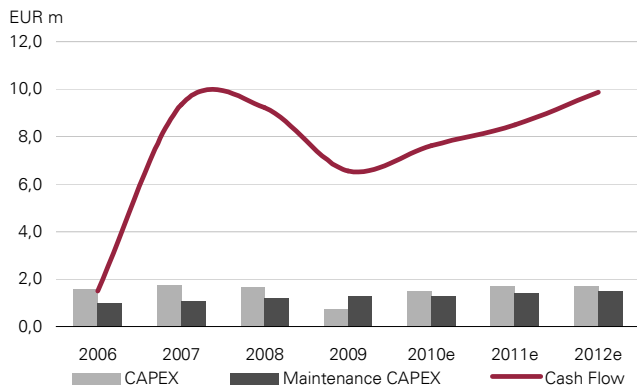
Present values 2023e	60.1		
Terminal Value	28.4		
Liabilities	-0.9		
Liquidity	35.2	No. of shares (mln)	26.33
Equity Value	122.8	Value per share (EUR)	4.67

Sensitivity Value per Share (EUR)

Terminal Growth								Delta EBIT-margin							
WACC	2.25%	2.50%	2.75%	3.00%	3.25%	3.50%	3.75%	WACC	-1.5 pp	-1.0 pp	-0.5 pp	0.0	+0.5 pp	+1.0 pp	+1.5 pp
12.00%	4.26	4.28	4.30	4.32	4.35	4.37	4.40	12.00%	2.94	3.40	3.86	4.32	4.79	5.25	5.71
11.50%	4.41	4.43	4.46	4.49	4.51	4.54	4.58	11.50%	3.02	3.51	4.00	4.49	4.97	5.46	5.95
11.25%	4.49	4.51	4.54	4.57	4.60	4.64	4.67	11.25%	3.06	3.57	4.07	4.57	5.08	5.58	6.08
11.00%	4.57	4.60	4.63	4.67	4.70	4.74	4.78	11.00%	3.11	3.63	4.15	4.67	5.18	5.70	6.22
10.75%	4.66	4.70	4.73	4.76	4.80	4.84	4.89	10.75%	3.16	3.69	4.23	4.76	5.30	5.84	6.37
10.50%	4.76	4.79	4.83	4.87	4.91	4.96	5.01	10.50%	3.21	3.76	4.32	4.87	5.42	5.98	6.53
10.00%	4.97	5.01	5.05	5.10	5.15	5.21	5.27	10.00%	3.32	3.92	4.51	5.10	5.70	6.29	6.88

Source: SES Research

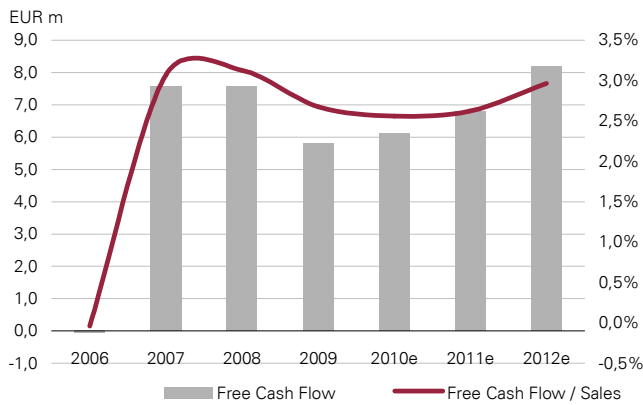
CAPEX and Cash Flow - GFT Technologies



Sources: GFT Technologies (historical data), SES Research (forecasts)

- Continuous increase of CF until 2007 (record year)
- 2008 and 2009 burdened by financial crisis
- Low investment needs

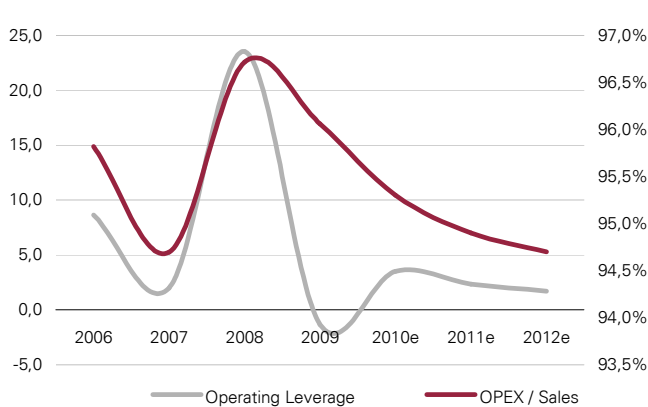
Free Cash Flow Generation - GFT Technologies



Sources: GFT Technologies (historical data), SES Research (forecasts)

- FCF determined by operating CF at constantly low investments
- 2007: Historic record year
- FCF/Sales should grow due to almost constant investments

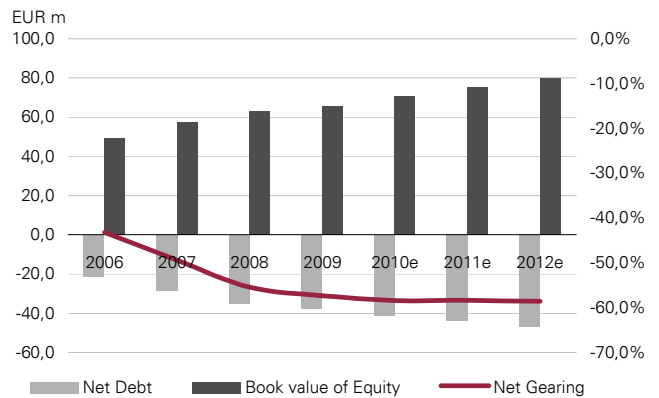
Operating Leverage - GFT Technologies



Sources: GFT Technologies (historical data), SES Research (forecasts)

- OL deviates due to different margins in the segments
- Turnaround in 2005, strong sales growth due to resourcing in 2007
- Disproportionate earnings decline due to lower service sales in 2008

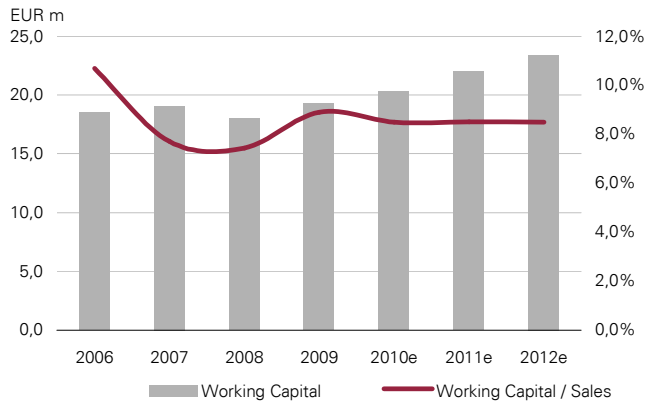
Balance Sheet Quality - GFT Technologies



Sources: GFT Technologies (historical data), SES Research (forecasts)

- Traditionally strong cash position
- High net liquidity planned to be used for acquisitions
- Continuous strengthening of equity base since 2005

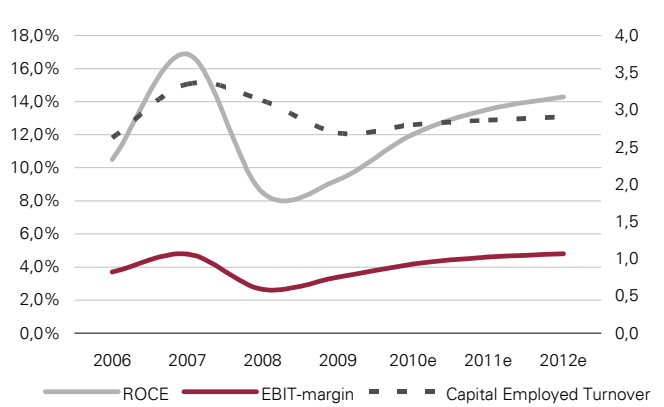
Working Capital - GFT Technologies



Sources: GFT Technologies (historical data), SES Research (forecasts)

- Working Capital consists exclusively of receivables and liabilities
- Development expected to be proportionate to sales beginning from 2009

ROCE Development - GFT Technologies



Sources: GFT Technologies (historical data), SES Research (forecasts)

- ROCE negatively distorted due to high cash position
- However, peak values of >15% in 2007
- Drop to below 10% only temporary due to financial crisis

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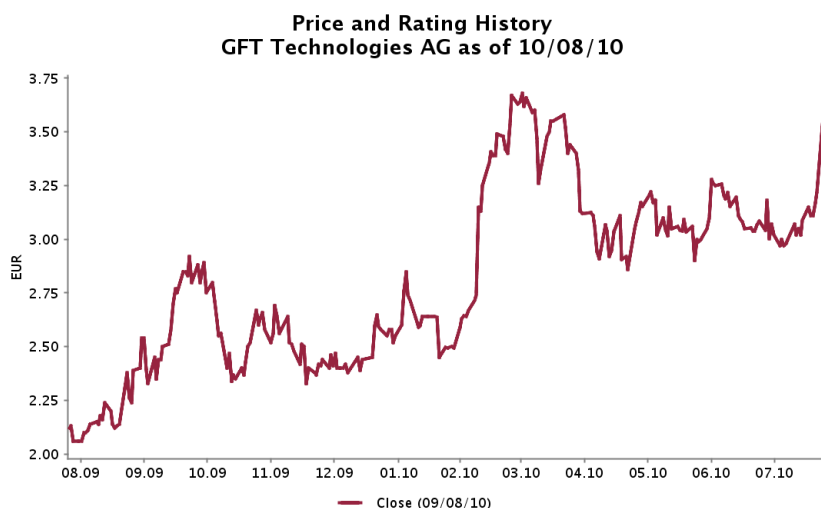
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Sell	6	3%
Rating suspended	16	8%
Total	194	

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Sell	1	1%
Rating suspended	7	5%
Total	134	



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